

HOUSE BILL No. 1375

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10-8; IC 16-47-1; IC 20-12-3.2; IC 20-26-5-4.

Synopsis: Employee health coverage. Requires a local governmental unit, public library, school corporation, or state educational institution that provides health coverage to its employees to provide the coverage through the state employee health plans. Allows a small employer to provide coverage for employees under the state employee health plans. Requires the state employee health plans to be designed in a manner that allows employees to choose specific benefits. Makes conforming amendments.

Effective: July 1, 2007.

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January 16, 2007, read first time and referred to Committee on Insurance.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1375

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10-8-1, AS AMENDED BY P.L.2-2006,
2 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2007]: Sec. 1. The following definitions apply in this chapter:

4 (1) "Employee" means:

5 (A) an elected or appointed officer or official, or a full-time
6 employee;

7 (B) if the individual is employed by a school corporation, a
8 full-time or part-time employee;

9 (C) for a local unit public employer, a full-time or part-time
10 employee or a person who provides personal services to the
11 unit under contract during the contract period; or

12 (D) a senior judge appointed under IC 33-24-3-7;

13 whose services have continued without interruption at least thirty
14 (30) days.

15 (2) "Group insurance" means any of the kinds of insurance
16 fulfilling the definitions and requirements of group insurance
17 contained in IC 27-1.

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(3) "Insurance" means insurance upon or in relation to human life in all its forms, including life insurance, health insurance, disability insurance, accident insurance, hospitalization insurance, surgery insurance, medical insurance, and supplemental medical insurance.

(4) "Local unit" includes a city, town, county, township, public library, or school corporation. **However, for purposes of section 6.7 of this chapter, the term has the meaning set forth in section 6.7(a) of this chapter.**

(5) "New traditional plan" means a self-insurance program established under section 7(b) of this chapter to provide health care coverage.

(6) "Public employer" means the state or a local unit, including any board, commission, department, division, authority, institution, establishment, facility, or governmental unit under the supervision of either, having a payroll in relation to persons it immediately employs, even if it is not a separate taxing unit. With respect to the legislative branch of government, "public employer" or "employer" refers to the following:

(A) The president pro tempore of the senate, with respect to former members or employees of the senate.

(B) The speaker of the house, with respect to former members or employees of the house of representatives.

(C) The legislative council, with respect to former employees of the legislative services agency.

(7) "Public employer" does not include a state educational institution (as defined under IC 20-12-0.5-1).

(8) "Retired employee" means:

(A) in the case of a public employer that participates in the public employees' retirement fund, a former employee who qualifies for a benefit under IC 5-10.3-8 or IC 5-10.2-4;

(B) in the case of a public employer that participates in the teachers' retirement fund under IC 5-10.4, a former employee who qualifies for a benefit under IC 5-10.4-5; and

(C) in the case of any other public employer, a former employee who meets the requirements established by the public employer for participation in a group insurance plan for retired employees.

(9) "Retirement date" means the date that the employee has chosen to receive retirement benefits from the employees' retirement fund.

SECTION 2. IC 5-10-8-2.2, AS AMENDED BY P.L.2-2005,

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SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.2. (a) As used in this section, "dependent" means a natural child, stepchild, or adopted child of a public safety employee who:

- (1) is less than eighteen (18) years of age;
- (2) is eighteen (18) years of age or older and physically or mentally disabled (using disability guidelines established by the Social Security Administration); or
- (3) is at least eighteen (18) and less than twenty-three (23) years of age and is enrolled in and regularly attending a secondary school or is a full-time student at an accredited college or university.

(b) As used in this section, "public safety employee" means a full-time firefighter, police officer, county police officer, or sheriff.

(c) This section applies only to local unit public employers and their public safety employees.

(d) A local unit public employer may provide programs of group health insurance for its active and retired public safety employees **only** through ~~one (1) of the following methods:~~

- ~~(1) By purchasing policies of group insurance;~~
- ~~(2) By establishing self-insurance programs;~~
- ~~(3) By electing to participate in the local unit group of local units that offer the state employee health plan under section 6-6 of this chapter;~~

a state employee health plan under section 6.7 of this chapter. A local unit public employer may provide programs of group insurance other than group health insurance for the local unit public employer's active and retired public safety employees by purchasing policies of group insurance and by establishing self-insurance programs. However, the establishment of a self-insurance program is subject to the approval of the unit's fiscal body.

(e) A local unit public employer may pay a part of the cost of group insurance for its active and retired public safety employees. However, a local unit public employer that provides group life insurance for its active and retired public safety employees shall pay a part of the cost of that insurance.

(f) A local unit public employer may not cancel an insurance contract under this section during the policy term of the contract.

(g) After June 30, 1989, a local unit public employer that provides a group health insurance program for its active public safety employees shall also provide a group health insurance program to the following persons:

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(1) Retired public safety employees.

(2) Public safety employees who are receiving disability benefits under IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-8, or IC 36-8-10.

(3) Surviving spouses and dependents of public safety employees who die while in active service or after retirement.

(h) A retired or disabled public safety employee who is eligible for group health insurance coverage under subsection (g)(1) or (g)(2):

(1) may elect to have the person's spouse, dependents, or spouse and dependents covered under the group health insurance program at the time the person retires or becomes disabled;

(2) must file a written request for insurance coverage with the employer within ninety (90) days after the person retires or begins receiving disability benefits; and

(3) must pay an amount equal to the total of the employer's and the employee's premiums for the group health insurance for an active public safety employee (however, the employer may elect to pay any part of the person's premiums).

(i) Except as provided in IC 36-8-6-9.7(f), IC 36-8-6-10.1(h), IC 36-8-7-12.3(g), IC 36-8-7-12.4(j), IC 36-8-7.5-13.7(h), IC 36-8-7.5-14.1(i), IC 36-8-8-13.9(d), IC 36-8-8-14.1(h), and IC 36-8-10-16.5 for a surviving spouse or dependent of a public safety employee who dies in the line of duty, a surviving spouse or dependent who is eligible for group health insurance under subsection (g)(3):

(1) may elect to continue coverage under the group health insurance program after the death of the public safety employee;

(2) must file a written request for insurance coverage with the employer within ninety (90) days after the death of the public safety employee; and

(3) must pay the amount that the public safety employee would have been required to pay under this section for coverage selected by the surviving spouse or dependent (however, the employer may elect to pay any part of the surviving spouse's or dependents' premiums).

(j) A retired or disabled public safety employee's eligibility for group health insurance under this section ends on the earlier of the following:

(1) When the public safety employee becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.

(2) When the employer terminates the health insurance program for active public safety employees.

(k) A surviving spouse's eligibility for group health insurance under this section ends on the earliest of the following:

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(1) When the surviving spouse becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.

(2) When the unit providing the insurance terminates the health insurance program for active public safety employees.

(3) The date of the surviving spouse's remarriage.

(4) When health insurance becomes available to the surviving spouse through employment.

(l) A dependent's eligibility for group health insurance under this section ends on the earliest of the following:

(1) When the dependent becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.

(2) When the unit providing the insurance terminates the health insurance program for active public safety employees.

(3) When the dependent no longer meets the criteria set forth in subsection (a).

(4) When health insurance becomes available to the dependent through employment.

(m) A public safety employee who is on leave without pay is entitled to participate for ninety (90) days in any group health insurance program maintained by the local unit public employer for active public safety employees if the public safety employee pays an amount equal to the total of the employer's and the employee's premiums for the insurance. However, the employer may pay all or part of the employer's premium for the insurance.

(n) A local unit public employer may provide group health insurance for retired public safety employees or their spouses not covered by subsections (g) through (l) and may provide group health insurance that contains provisions more favorable to retired public safety employees and their spouses than required by subsections (g) through (l). A local unit public employer may provide group health insurance to a public safety employee who is on leave without pay for a longer period than required by subsection (m), and may continue to pay all or a part of the employer's premium for the insurance while the employee is on leave without pay.

SECTION 3. IC 5-10-8-2.6, AS AMENDED BY P.L.1-2005, SECTION 76, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.6. (a) This section applies only to local unit public employers and their employees. This section does not apply to public safety employees, surviving spouses, and dependents covered by section 2.2 of this chapter.

(b) A public employer may provide programs of group insurance for its employees and retired employees. The public employer may,

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however, exclude part-time employees and persons who provide services to the unit under contract from any group insurance coverage that the public employer provides to the employer's full-time employees. A public employer may provide programs of group health insurance under this section **only** through ~~one (1)~~ of the following methods:

(1) ~~By purchasing policies of group insurance.~~

(2) ~~By establishing self-insurance programs.~~

(3) ~~By electing to participate in the local unit group of local units that offer the state employee health plan under section 6.6 of this chapter.~~

a state employee health plan under section 6.7 of this chapter. A public employer may provide programs of group insurance other than group health insurance under this section by purchasing policies of group insurance and by establishing self-insurance programs. However, the establishment of a self-insurance program is subject to the approval of the unit's fiscal body.

(c) A public employer may pay a part of the cost of group insurance, but shall pay a part of the cost of group life insurance for local employees. A public employer may pay, as supplemental wages, an amount equal to the deductible portion of group health insurance as long as payment of the supplemental wages will not result in the payment of the total cost of the insurance by the public employer.

(d) An insurance contract for local employees under this section may not be canceled by the public employer during the policy term of the contract.

(e) After June 30, 1986, a public employer shall provide a group health insurance program under subsection (g) to each retired employee:

(1) whose retirement date is:

(A) after May 31, 1986, for a retired employee who was a teacher (as defined in IC 20-18-2-22) for a school corporation; or

(B) after June 30, 1986, for a retired employee not covered by clause (A);

(2) who will have reached fifty-five (55) years of age on or before the employee's retirement date but who will not be eligible on that date for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.;

(3) who will have completed twenty (20) years of creditable employment with a public employer on or before the employee's retirement date, ten (10) years of which must have been

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completed immediately preceding the retirement date; and
 (4) who will have completed at least fifteen (15) years of
 participation in the retirement plan of which the employee is a
 member on or before the employee's retirement date.

(f) A group health insurance program required by subsection (e)
 must be equal in coverage to that offered active employees and must
 permit the retired employee to participate if the retired employee pays
 an amount equal to the total of the employer's and the employee's
 premiums for the group health insurance for an active employee and if
 the employee, within ninety (90) days after the employee's retirement
 date files a written request with the employer for insurance coverage.
 However, the employer may elect to pay any part of the retired
 employee's premiums.

(g) A retired employee's eligibility to continue insurance under
 subsection (e) ends when the employee becomes eligible for Medicare
 coverage as prescribed by 42 U.S.C. 1395 et seq., or when the
 employer terminates the health insurance program. A retired employee
 who is eligible for insurance coverage under subsection (e) may elect
 to have the employee's spouse covered under the health insurance
 program at the time the employee retires. If a retired employee's spouse
 pays the amount the retired employee would have been required to pay
 for coverage selected by the spouse, the spouse's subsequent eligibility
 to continue insurance under this section is not affected by the death of
 the retired employee. The surviving spouse's eligibility ends on the
 earliest of the following:

- (1) When the spouse becomes eligible for Medicare coverage as
 prescribed by 42 U.S.C. 1395 et seq.
- (2) When the employer terminates the health insurance program.
- (3) Two (2) years after the date of the employee's death.
- (4) The date of the spouse's remarriage.

(h) This subsection does not apply to an employee who is entitled
 to group insurance coverage under IC 20-28-10-2(b). An employee
 who is on leave without pay is entitled to participate for ninety (90)
 days in any group health insurance program maintained by the public
 employer for active employees if the employee pays an amount equal
 to the total of the employer's and the employee's premiums for the
 insurance. However, the employer may pay all or part of the employer's
 premium for the insurance.

(i) A public employer may provide group health insurance for
 retired employees or their spouses not covered by subsections (e)
 through (g) and may provide group health insurance that contains
 provisions more favorable to retired employees and their spouses than

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required by subsections (e) through (g). A public employer may provide group health insurance to an employee who is on leave without pay for a longer period than required by subsection (h), and may continue to pay all or a part of the employer's premium for the insurance while the employee is on leave without pay.

SECTION 4. IC 5-10-8-6.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6.6. (a) As used in this section, "local unit group" means all of the local units that elect to provide coverage for health care services for active and retired:

- (1) elected or appointed officers and officials;
 - (2) full-time employees; and
 - (3) part-time employees;
- of the local unit under this section.

(b) As used in this section, "state employee health plan" means:

- (1) an accident and sickness insurance policy (as defined in IC 27-8-5.6-1) purchased through the state personnel department under section 7(a) of this chapter; or
- (2) a contract with a prepaid health care delivery plan entered into by the state personnel department under section 7(c) of this chapter.

(c) **Before July 1, 2007**, the state personnel department shall allow a local unit to participate in the local unit group by electing to provide coverage of health care services for active and retired:

- (1) elected or appointed officers and officials;
- (2) full-time employees; and
- (3) part-time employees;

of the local unit under a state employee health plan.

(d) If a local unit elects to provide coverage under subsection (c):

- (1) the local unit group must be treated as a single group that is separate from the group of state employees that is covered under a state employee health plan;
- (2) the state personnel department shall:

(A) establish:

- (i) the premium costs, as determined by an accident and sickness insurer or a prepaid health care delivery plan under which coverage is provided under this section;
- (ii) the administrative costs; and
- (iii) any other costs;

of the coverage provided under this section, including the cost of obtaining insurance or reinsurance, for the local unit group as a whole; and

(B) establish a uniform premium schedule for each accident

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and sickness insurance policy or prepaid health care delivery plan under which coverage is provided under this section for the local unit group; and

(3) the local unit shall provide for payment of the cost of the coverage as provided in sections 2.2 and 2.6 of this chapter.

The premium determined under subdivision (2) and paid by an individual local unit shall not be determined based on claims made by the local unit.

(e) **Before July 1, 2007**, the state personnel department shall provide an annual opportunity for local units to elect to provide or terminate coverage under subsection (c).

(f) The state personnel department may adopt rules under IC 4-22-2 to establish minimum participation and contribution requirements for participation in a state employee health plan under this section.

(g) This section expires June 30, 2011.

SECTION 5. IC 5-10-8-6.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 6.7. (a) As used in this section, "local unit" includes the following:**

(1) A city.

(2) A town.

(3) A county.

(4) A township.

(5) A public library.

(6) A school corporation..

(7) A state educational institution (as defined in IC 20-12-0.5-1).

(b) As used in this section, "state employee health plan" means:

(1) a self-insurance program established under section 7(b) of this chapter to provide group health coverage; or

(2) a contract with a prepaid health care delivery plan entered into by the state personnel department under section 7(c) of this chapter.

(c) The state personnel department shall allow a local unit to provide coverage of health care services for employees of the local unit through any state employee health plan available to state employees.

(d) If a local unit provides health coverage for employees or retired employees of the local unit, the local unit shall provide the health coverage, and the state personnel department shall allow the local unit to provide the health coverage:

(1) through a state employee health plan as provided in this

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section; and

(2) as described in section 2.2 or 2.6 of this chapter, whichever is applicable to the employees or retired employees of the local unit for whom health coverage is being provided.

(e) A local unit employee who receives coverage of health care services under a state employee health plan under subsection (d) must:

(1) receive coverage equal to the coverage provided to state employees under the state employee health plan; and

(2) be allowed to choose the state employee health plan under which the local unit employee will be covered.

(f) The premium rate that applies to a local unit employee who is covered under a state employee health plan under this section must be the same premium rate that applies to a state employee for the same coverage.

SECTION 6. IC 5-10-8-6.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6.8. (a) As used in this section, "small employer" means a private employer that employs at least two (2) but not more than fifty (50) full-time employees.

(b) As used in this section, "state employee health plan" means:

(1) a self-insurance program established under section 7(b) of this chapter to provide group health coverage; or

(2) a contract with a prepaid health care delivery plan entered into by the state personnel department under section 7(c) of this chapter.

(c) The state personnel department shall allow a small employer to provide coverage of health care services for employees of the small employer under any state employee health plan available to state employees.

(d) IC 27-8-15 does not apply to coverage provided to employees of a small employer under this section.

(e) A small employer's employee who receives coverage of health care services under a state employee health plan under subsection (c) must:

(1) receive coverage equal to the coverage provided to state employees under the state employee health plan; and

(2) be allowed to choose the state employee health plan under which the small employer's employee will be covered.

(f) The premium rate that applies to a small employer's employee who is covered under a state employee health plan under this section must be the same premium rate that applies to a state

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1 **employee for the same coverage.**

2 SECTION 7. IC 5-10-8-7, AS AMENDED BY P.L.158-2006,
3 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2007]: Sec. 7. (a) The state, excluding state educational
5 institutions (as defined by IC 20-12-0.5-1), may not purchase or
6 maintain a policy of group insurance, except:

- 7 (1) life insurance for the state's employees;
8 (2) long term care insurance under a long term care insurance
9 policy (as defined in IC 27-8-12-5), for the state's employees;
10 ~~(3) an accident and sickness insurance policy (as defined in~~
11 ~~IC 27-8-5.6-1) that covers individuals to whom coverage is~~
12 ~~provided by a local unit under section 6.6 of this chapter; or~~
13 ~~(4)~~ (3) an insurance policy that provides coverage that
14 supplements coverage provided under a United States military
15 health care plan.

16 (b) With the consent of the governor, the state personnel department
17 may establish self-insurance programs to provide group insurance other
18 than life or long term care insurance for state employees and retired
19 state employees. The state personnel department may contract with a
20 private agency, business firm, limited liability company, or corporation
21 for administrative services. A commission may not be paid for the
22 placement of the contract. The department may require, as part of a
23 contract for administrative services, that the provider of the
24 administrative services offer to an employee terminating state
25 employment the option to purchase, without evidence of insurability,
26 an individual policy of insurance.

27 (c) Notwithstanding subsection (a), with the consent of the
28 governor, the state personnel department may contract for health
29 services for state employees ~~and individuals to whom coverage is~~
30 ~~provided by a local unit under section 6.6 of this chapter~~ through one
31 (1) or more prepaid health care delivery plans.

32 (d) The state personnel department shall adopt rules under IC 4-22-2
33 to establish long term and short term disability plans for state
34 employees (except employees who hold elected offices (as defined by
35 IC 3-5-2-17)). The plans adopted under this subsection may include
36 any provisions the department considers necessary and proper and
37 must:

- 38 (1) require participation in the plan by employees with six (6)
39 months of continuous, full-time service;
40 (2) require an employee to make a contribution to the plan in the
41 form of a payroll deduction;
42 (3) require that an employee's benefits under the short term

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disability plan be subject to a thirty (30) day elimination period and that benefits under the long term plan be subject to a six (6) month elimination period;

(4) prohibit the termination of an employee who is eligible for benefits under the plan;

(5) provide, after a seven (7) day elimination period, eighty percent (80%) of base biweekly wages for an employee disabled by injuries resulting from tortious acts, as distinguished from passive negligence, that occur within the employee's scope of state employment;

(6) provide that an employee's benefits under the plan may be reduced, dollar for dollar, if the employee derives income from:

(A) Social Security;

(B) the public employees' retirement fund;

(C) the Indiana state teachers' retirement fund;

(D) pension disability;

(E) worker's compensation;

(F) benefits provided from another employer's group plan; or

(G) remuneration for employment entered into after the disability was incurred.

(The department of state revenue and the department of workforce development shall cooperate with the state personnel department to confirm that an employee has disclosed complete and accurate information necessary to administer **this** subdivision.) ~~(6-)~~

(7) provide that an employee will not receive benefits under the plan for a disability resulting from causes specified in the rules; and

(8) provide that, if an employee refuses to:

(A) accept work assignments appropriate to the employee's medical condition;

(B) submit information necessary for claim administration; or

(C) submit to examinations by designated physicians;

the employee forfeits benefits under the plan.

(e) This section does not affect insurance for retirees under IC 5-10.3 or IC 5-10.4.

(f) The state may pay part of the cost of self-insurance or prepaid health care delivery plans for its employees.

(g) A state agency may not provide any insurance benefits to its employees that are not generally available to other state employees, unless specifically authorized by law.

(h) The state may pay a part of the cost of group medical and life coverage for its employees.

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(i) A:

(1) self-insurance program established under subsection (b) to provide group health coverage; or

(2) contract with a prepaid health care delivery plan entered into by the state personnel department under subsection (c); must be designed to allow each employee or retired employee covered under the program or contract, including an employee covered under section 6.7 or 6.8 of this chapter, to choose each specific health condition for which a benefit will be provided to the employee or retired employee under the program or contract.

SECTION 8. IC 16-47-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. As used in this chapter, "health benefit plan" refers to the following:

~~(1) An accident and sickness insurance policy purchased or maintained under IC 5-10-8-7(a)(3):~~

~~(2)~~ (1) A self-insurance program established under IC 5-10-8-7(b) to provide group health coverage.

~~(3)~~ (2) A contract with a prepaid health care delivery plan that is entered into or renewed under IC 5-10-8-7(c).

~~(4)~~ (3) A plan through which a state educational institution (as defined in IC 20-12-0.5-1) arranges for coverage of the cost of health care services (as defined in IC 27-13-1-18) provided to employees of the state educational institution.

SECTION 9. IC 16-47-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The following shall participate in the program:

(1) The department, for a health benefit plan:

(A) described in section 2(1) ~~or 2(2) or 2(3)~~ of this chapter; and

(B) that provides coverage for prescription drugs.

(2) A state educational institution, for a health benefit plan:

(A) described in ~~section 2(4)~~ **section 2(3)** of this chapter; and

(B) that provides coverage for prescription drugs;

unless the budget agency determines that the state educational institution's participation in the program would not result in an overall financial benefit to the state educational institution.

(b) The following may participate in the program:

(1) A state agency other than the department that:

(A) purchases prescription drugs; or

(B) arranges for the payment of the cost of prescription drugs.

(2) A local unit (as defined in IC 5-10-8-1).

(3) The Indiana comprehensive health insurance association

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established under IC 27-8-10.

(c) The state Medicaid program may not participate in the program under this chapter.

SECTION 10. IC 20-12-3.2-1, AS AMENDED BY P.L.93-2006, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) For purposes of this chapter, "covered individual" means an individual entitled to coverage under an employee health plan.

(b) For purposes of this chapter, "early intervention services" means services provided to a first steps child under IC 12-12.7-2 and 20 U.S.C. 1432(4).

(c) For purposes of this chapter, "employee health plan" means:

(1) a program of self-insurance established and maintained by a state educational institution (as defined in IC 20-12-0.5-1) to cover the provision of health care services (as defined in IC 27-8-11-1) to its employees;

(2) a group contract entered into or renewed by a state educational institution with a health maintenance organization (as defined in IC 27-13-1-19) to provide services to employees of the state educational institution; or

(3) a policy of accident and sickness insurance (as defined in IC 27-8-5-1) issued or renewed on a group basis to a state educational institution to provide coverage for employees of the state educational institution.

(d) For purposes of this chapter, "first steps child" means an infant or toddler from birth through two (2) years of age who is enrolled in the Indiana first steps program and is a covered individual.

(e) As used in this chapter, "first steps program" means the program established under IC 12-12.7-2 and 20 U.S.C. 1431 et seq. to meet the needs of:

(1) children who are eligible for early intervention services; and

(2) their families.

The term includes the coordination of all available federal, state, local, and private resources available to provide early intervention services within Indiana.

(f) This section expires July 1, 2011.

SECTION 11. IC 20-12-3.2-1.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 1.1. A state educational institution that provides a program of coverage for health care services for employees or retired employees of the state educational institution shall provide the coverage through a state employee**

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1 **health plan as provided in IC 5-10-8-6.7.**

2 SECTION 12. IC 20-12-3.2-2 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) An employee
4 health plan that provides coverage for early intervention services shall
5 reimburse the first steps program for payments made by the program
6 for early intervention services that are covered under the employee
7 health plan.

8 **(b) This section expires July 1, 2011.**

9 SECTION 13. IC 20-12-3.2-4 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) The
11 reimbursement required under section 2 of this chapter may not be
12 applied to any annual or aggregate lifetime limit on the first steps
13 child's coverage under the employee health plan.

14 **(b) This section expires July 1, 2011.**

15 SECTION 14. IC 20-12-3.2-5 IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The first steps
17 program may pay required deductibles, copayments, or other
18 out-of-pocket expenses for a first steps child directly to a provider. An
19 employee health plan shall apply any payments made by the first steps
20 program to the employee health plan's deductibles, copayments, or
21 other out-of-pocket expenses according to the terms and conditions of
22 the employee health plan.

23 **(b) This section expires July 1, 2011.**

24 SECTION 15. IC 20-26-5-4, AS AMENDED BY P.L.168-2006,
25 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
26 JULY 1, 2007]: Sec. 4. In carrying out the school purposes of a school
27 corporation, the governing body acting on the school corporation's
28 behalf has the following specific powers:

29 (1) In the name of the school corporation, to sue and be sued and
30 to enter into contracts in matters permitted by applicable law.

31 (2) To take charge of, manage, and conduct the educational affairs
32 of the school corporation and to establish, locate, and provide the
33 necessary schools, school libraries, other libraries where
34 permitted by law, other buildings, facilities, property, and
35 equipment.

36 (3) To appropriate from the school corporation's general fund an
37 amount, not to exceed the greater of three thousand dollars
38 (\$3,000) per budget year or one dollar (\$1) per pupil, not to
39 exceed twelve thousand five hundred dollars (\$12,500), based on
40 the school corporation's previous year's ADM, to promote the best
41 interests of the school corporation through:

42 (A) the purchase of meals, decorations, memorabilia, or

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awards;

(B) provision for expenses incurred in interviewing job applicants; or

(C) developing relations with other governmental units.

(4) To:

(A) Acquire, construct, erect, maintain, hold, and contract for construction, erection, or maintenance of real estate, real estate improvements, or an interest in real estate or real estate improvements, as the governing body considers necessary for school purposes, including buildings, parts of buildings, additions to buildings, rooms, gymnasiums, auditoriums, playgrounds, playing and athletic fields, facilities for physical training, buildings for administrative, office, warehouse, repair activities, or housing school owned buses, landscaping, walks, drives, parking areas, roadways, easements and facilities for power, sewer, water, roadway, access, storm and surface water, drinking water, gas, electricity, other utilities and similar purposes, by purchase, either outright for cash (or under conditional sales or purchase money contracts providing for a retention of a security interest by the seller until payment is made or by notes where the contract, security retention, or note is permitted by applicable law), by exchange, by gift, by devise, by eminent domain, by lease with or without option to purchase, or by lease under IC 20-47-2, IC 20-47-3, or IC 20-47-5.

(B) Repair, remodel, remove, or demolish, or to contract for the repair, remodeling, removal, or demolition of the real estate, real estate improvements, or interest in the real estate or real estate improvements, as the governing body considers necessary for school purposes.

(C) Provide for conservation measures through utility efficiency programs or under a guaranteed savings contract as described in IC 36-1-12.5.

(5) To acquire personal property or an interest in personal property as the governing body considers necessary for school purposes, including buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by cash purchase or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where the contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove,

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1 relocate, and demolish the personal property. All purchases and
 2 contracts specified under the powers authorized under subdivision
 3 (4) and this subdivision are subject solely to applicable law
 4 relating to purchases and contracting by municipal corporations
 5 in general and to the supervisory control of state agencies as
 6 provided in section 6 of this chapter.

7 (6) To sell or exchange real or personal property or interest in real
 8 or personal property that, in the opinion of the governing body, is
 9 not necessary for school purposes, in accordance with IC 20-26-7,
 10 to demolish or otherwise dispose of the property if, in the opinion
 11 of the governing body, the property is not necessary for school
 12 purposes and is worthless, and to pay the expenses for the
 13 demolition or disposition.

14 (7) To lease any school property for a rental that the governing
 15 body considers reasonable or to permit the free use of school
 16 property for:

17 (A) civic or public purposes; or

18 (B) the operation of a school age child care program for
 19 children who are at least five (5) years of age and less than
 20 fifteen (15) years of age that operates before or after the school
 21 day, or both, and during periods when school is not in session;
 22 if the property is not needed for school purposes. Under this
 23 subdivision, the governing body may enter into a long term lease
 24 with a nonprofit corporation, community service organization, or
 25 other governmental entity, if the corporation, organization, or
 26 other governmental entity will use the property to be leased for
 27 civic or public purposes or for a school age child care program.
 28 However, if payment for the property subject to a long term lease
 29 is made from money in the school corporation's debt service fund,
 30 all proceeds from the long term lease must be deposited in the
 31 school corporation's debt service fund so long as payment for the
 32 property has not been made. The governing body may, at the
 33 governing body's option, use the procedure specified in
 34 IC 36-1-11-10 in leasing property under this subdivision.

35 (8) To:

36 (A) Employ, contract for, and discharge superintendents,
 37 supervisors, principals, teachers, librarians, athletic coaches
 38 (whether or not they are otherwise employed by the school
 39 corporation and whether or not they are licensed under
 40 IC 20-28-5), business managers, superintendents of buildings
 41 and grounds, janitors, engineers, architects, physicians,
 42 dentists, nurses, accountants, teacher aides performing

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noninstructional duties, educational and other professional consultants, data processing and computer service for school purposes, including the making of schedules, the keeping and analyzing of grades and other student data, the keeping and preparing of warrants, payroll, and similar data where approved by the state board of accounts as provided below, and other personnel or services as the governing body considers necessary for school purposes.

(B) Fix and pay the salaries and compensation of persons and services described in this subdivision.

(C) Classify persons or services described in this subdivision and to adopt schedules of salaries or compensation.

(D) Determine the number of the persons or the amount of the services employed or contracted for as provided in this subdivision.

(E) Determine the nature and extent of the duties of the persons described in this subdivision.

The compensation, terms of employment, and discharge of teachers are, however, subject to and governed by the laws relating to employment, contracting, compensation, and discharge of teachers. The compensation, terms of employment, and discharge of bus drivers are subject to and governed by laws relating to employment, contracting, compensation, and discharge of bus drivers. The forms and procedures relating to the use of computer and data processing equipment in handling the financial affairs of the school corporation must be submitted to the state board of accounts for approval so that the services are used by the school corporation when the governing body determines that it is in the best interest of the school corporation while at the same time providing reasonable accountability for the funds expended.

(9) Notwithstanding the appropriation limitation in subdivision (3), when the governing body by resolution considers a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including attending meetings, conferences, or examining equipment, buildings, and installation in other areas, to permit the employee to be absent in connection with the trip without any loss in pay and to reimburse the employee or the member the employee's or member's reasonable lodging and meal expenses and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips or activities.

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(10) To transport children to and from school, when in the opinion of the governing body the transportation is necessary, including considerations for the safety of the children and without regard to the distance the children live from the school. The transportation must be otherwise in accordance with applicable law.

(11) To provide a lunch program for a part or all of the students attending the schools of the school corporation, including the establishment of kitchens, kitchen facilities, kitchen equipment, lunch rooms, the hiring of the necessary personnel to operate the lunch program, and the purchase of material and supplies for the lunch program, charging students for the operational costs of the lunch program, fixing the price per meal or per food item. To operate the lunch program as an extracurricular activity, subject to the supervision of the governing body. To participate in a surplus commodity or lunch aid program.

(12) To purchase textbooks, to furnish textbooks without cost or to rent textbooks to students, to participate in a textbook aid program, all in accordance with applicable law.

(13) To accept students transferred from other school corporations and to transfer students to other school corporations in accordance with applicable law.

(14) To make budgets, to appropriate funds, and to disburse the money of the school corporation in accordance with applicable law. To borrow money against current tax collections and otherwise to borrow money, in accordance with IC 20-48-1.

(15) To purchase insurance or to establish and maintain a program of self-insurance relating to the liability of the school corporation or the school corporation's employees in connection with motor vehicles or property and for additional coverage to the extent permitted and in accordance with IC 34-13-3-20. To purchase additional insurance or to establish and maintain a program of self-insurance protecting the school corporation and members of the governing body, employees, contractors, or agents of the school corporation from liability, risk, accident, or loss related to school property, school contract, school or school related activity, including the purchase of insurance or the establishment and maintenance of a self-insurance program protecting persons described in this subdivision against false imprisonment, false arrest, libel, or slander for acts committed in the course of the persons' employment, protecting the school corporation for fire and extended coverage and other casualty

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risks to the extent of replacement cost, loss of use, and other insurable risks relating to property owned, leased, or held by the school corporation. To:

(A) participate in a state employee health plan under IC 5-10-8-6.6;

(B) (A) purchase insurance; or

(C) (B) establish and maintain a program of self-insurance; to benefit school corporation employees, including accident, sickness, health, or dental coverage, provided that a plan of self-insurance must include an aggregate stop-loss provision.

(16) To make all applications, to enter into all contracts, and to sign all documents necessary for the receipt of aid, money, or property from the state, the federal government, or from any other source.

(17) To defend a member of the governing body or any employee of the school corporation in any suit arising out of the performance of the member's or employee's duties for or employment with, the school corporation, if the governing body by resolution determined that the action was taken in good faith. To save any member or employee harmless from any liability, cost, or damage in connection with the performance, including the payment of legal fees, except where the liability, cost, or damage is predicated on or arises out of the bad faith of the member or employee, or is a claim or judgment based on the member's or employee's malfeasance in office or employment.

(18) To prepare, make, enforce, amend, or repeal rules, regulations, and procedures:

(A) for the government and management of the schools, property, facilities, and activities of the school corporation, the school corporation's agents, employees, and pupils and for the operation of the governing body; and

(B) that may be designated by an appropriate title such as "policy handbook", "bylaws", or "rules and regulations".

(19) To ratify and approve any action taken by a member of the governing body, an officer of the governing body, or an employee of the school corporation after the action is taken, if the action could have been approved in advance, and in connection with the action to pay the expense or compensation permitted under IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and IC 20-48-1 or any other law.

(20) To exercise any other power and make any expenditure in carrying out the governing body's general powers and purposes

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provided in this chapter or in carrying out the powers delineated in this section which is reasonable from a business or educational standpoint in carrying out school purposes of the school corporation, including the acquisition of property or the employment or contracting for services, even though the power or expenditure is not specifically set out in this chapter. The specific powers set out in this section do not limit the general grant of powers provided in this chapter except where a limitation is set out in IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and IC 20-48-1 by specific language or by reference to other law.

SECTION 16. [EFFECTIVE JULY 1, 2007] (a) The state personnel department shall implement the requirements of IC 5-10-8-6.7 and IC 5-10-8-6.8, both as added by this act, not later than July 1, 2008.

(b) A state educational institution shall comply with the requirement of IC 20-12-3.2-1.1, as added by this act, on the first date that the state educational institution begins to provide, amends, or renews a program of coverage for health care services for employees or retired employees of the state educational institution after June 30, 2008.

(c) A local unit other than a state educational institution shall comply with the requirements of IC 5-10-8-2.2 or IC 5-10-8-2.6, both as amended by this act, on the first date that the local unit begins to provide, amends, or renews group health coverage for employees of the local unit after June 30, 2008.

(d) Notwithstanding IC 5-10-8-7, as amended by this act, the state may continue to maintain an accident and sickness insurance policy described in IC 5-10-8-7(a)(3), before its amendment by this act. However, the accident and sickness insurance policy may not be amended or renewed after June 30, 2008.

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